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[The Civil Aeronautics Board's Verification of Airline Financial and Operating Data]. September 27, 1978. 2 pp.

Report to Raymond Kurlander, Director, Civil Aeronautics Board:  
Bureau of Accounts and Statistics; by Hugh J. Wessinger,  
Associate Director, Community and Economic Development Div.

Contact: Community and Economic Development Div.

The Civil Aeronautics Board's (CAB's) efforts to improve its accounting and reporting systems have included: permitting airlines to file a single set of reports to satisfy both CAB and Securities and Exchange Commission financial reporting requirements, changing CAB's accounting and reporting requirements to make them more compatible with generally accepted accounting principles, and developing an audit guide to help airlines and their auditors establish accounting systems and develop audit procedures which conform to CAB requirements. Additional improvements should be sought during the transition period to a less regulated airline environment. It will be necessary to reassess the existing data reporting requirements and related verification activities. The possibility of increased use of CPA firm audits and expansion of the proposed audit guide should be explored. (HTW)



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC  
DEVELOPMENT DIVISION

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Mr. Raymond Kurlander  
Director, Bureau of Accounts  
and Statistics  
Civil Aeronautics Board  
Washington, D.C.

Dear Mr. Kurlander:

This letter summarizes matters previously discussed with you concerning our recently completed survey of the Civil Aeronautics Board's (CAB) verification of airline financial and operating data.

We recognize that you are continually trying to improve the effectiveness and efficiency of the Board's accounting and reporting system. Your efforts, carried out in cooperation with the American Institute of Certified Public Accountants (AICPA), the airline industry and others, have included:

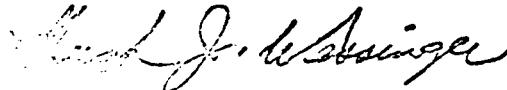
- permitting airlines to file a single set of reports to satisfy both CAB and Securities and Exchange Commission financial reporting requirements;
- changing CAB's accounting and reporting requirements to make them more compatible with generally accepted accounting principles; and
- developing an audit guide to help airlines and their auditors establish accounting systems and develop audit procedures which conform to CAB requirements.

We endorse these efforts and urge you to continue to seek ways of realizing additional improvements and efficiencies during the transition period to a less regulated airline environment. During this period, it will be necessary to reassess the existing data reporting requirements and related verification activities. As you have stated, the restructured information system will probably be smaller and less detailed, focusing primarily on anti-trust activities and the airlines' financial fitness to perform safe and efficient service.

While CAB is reassessing its information and data verification requirements, we believe it also has a unique opportunity for exploring ways of increasing its use of CPA firm audits of airlines. In our discussions with the AICPA, they expressed a willingness to pursue the possibility of having CPA firms expand their audit coverage of airline data reported to CAB. In addition, they also indicated a desire to work with you to expand the proposed audit guide to include more definitive policy statements concerning the allocation of costs and revenues. We suggest you explore these possibilities with them.

Thank you for the courtesy and cooperation extended to our representatives during our work. Please contact me if you have any questions or feel we could assist you in this matter.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Hugh J. Wessinger". The signature is fluid and cursive, with the first name "Hugh" and last name "Wessinger" clearly distinguishable.

Hugh J. Wessinger  
Associate Director